

# **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2016**

Homes and Communities Agency: L4472  
Registered Charity Number: 1114633  
Company Number: 5358740

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 March 2016**

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## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **THE BOARD, SENIOR EXECUTIVES AND ADVISORS**

#### **The Board**

##### **Independent members**

David Gooda, Chairman

John Hudson, Chairman

Kate Lindley

Gordon Richardson

Tom Agar

Matthew Cunningham

Jan Hennessey

Resigned 20 October 2015

Appointed 20 October 2015

Appointed 20 October 2015

Appointed 22 September 2015

Appointed 21 July 2015

Resigned 20 October 2015

##### **Council nominees**

Paul Findlow

Diana Thompson

Roger West

Appointed 31 July 2015

Resigned 31 July 2015

Resigned 31 July 2015

##### **Tenant members**

Alison Light

Joy Bishop

Don Ellis

Resigned 20 October 2015

#### **Executive Management Team**

Tim Pinder

Jacqui Sinnott-Lacey

Greg van Enk-Bones

Chief Executive

Director of Operations

Director of Resources

#### **Secretary and registered office**

Greg van Enk-Bones

Ropewalks

Newton Street

Macclesfield

Cheshire

SK11 6QJ

#### **Auditor**

Grant Thornton UK LLP

Chartered Accountants and Statutory auditor

4 Hardman Street

Manchester

M3 3EB

#### **Bankers**

Barclays Bank plc

Midlands Business Banking

PO Box 3333

One Snow Hill

Snow Hill Queensway

Birmingham, B3 2WN

#### **Principal solicitors**

Trowers & Hamlin

55 Princess Street

Manchester

M2 4EW

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **STRATEGIC REPORT**

The Board of Cheshire Peaks & Plains Housing Trust Limited, known as Peaks & Plains and referred to as “the Trust” and “the Company”, is pleased to present its report together with the audited financial statements of the Trust for the year ended 31 March 2016. The Trust is a public benefit entity whose primary purpose is to provide goods and services for community or social benefit.

#### **PRINCIPAL ACTIVITIES**

The primary activity of the Trust is the provision of housing accommodation at rents that are affordable to those in housing need.

The Trust’s head office is in Macclesfield and its properties are located throughout a two hundred square mile area, in the northern part of Cheshire East. The Trust also owns properties in Buxton and Congleton. The Trust provides homes for families, single people and sheltered accommodation tailored to the needs of older people and people with other support needs.

As well as managing our existing housing stock, the Trust also continues to build new homes. The Trust has completed 229 new homes over the past five years and has capacity to further expand the development programme over the next 3 years. Steady progress against the planned programme has been maintained during 2015/16 with 76 starts and a number of sites being delivered ahead of programme. Extensive delays were experienced on one scheme in Macclesfield, which occurred for a number of reasons outside of the Trust’s control. The shared ownership programme has continued to grow during the year with an additional 7 properties, all of which have been reserved off plan. Both private and public funding has been secured to start around 250 properties in construction during 16/17, which will be further supported by £1.44 million generated by disposing of 7 existing Trust properties. Our approach to high quality design and product has been recognised this year with two civic awards for our Macclesfield new build and refurbishment schemes.

The Trust also offers additional support services for vulnerable people, which are delivered in the homes owned by the Trust, in homes owned by other organisations and also in homes that are privately owned or rented. The services are delivered across the North West and include alarm monitoring which the Trust markets under the brand name ‘TrustLink’ and a wider offer of Health & Wellbeing services which are funded through contractual arrangements. The aim of these services is to contribute towards the Trust’s overall purpose: *Helping Improve lives* through assisting people to live independently and self manage their health & wellbeing.

Supporting People grant funding was not renewed beyond 31st March 2016 leading to a £300k shortfall in income within the Trustlink service, following consultation 65% of affected customers signed up privately to a range of different service options including those previously funded by supporting people which will replace the income at an anticipated £304k per annum.

#### **OBJECTIVES AND STRATEGY**

The year ended 31<sup>st</sup> March 2016 was the third and middle year of the Trust’s current five year plan. The challenge presented by the government’s announcement to reduce rents by 1% each year for the next four years lead to changes in the way we will deliver the five year plan, but the Board has reaffirmed the purpose to ‘Help Improve Lives’ and the three high level Corporate Objectives.

## CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED

### STRATEGIC REPORT (CONTINUED)

The three high level Corporate Objectives, and revised sub-objectives are as follows:

Corporate Objective	Sub-objectives
<b>We will be a Great Landlord</b>	<ul style="list-style-type: none"> <li>• Ensure that customer satisfaction drives service delivery</li> <li>• Protect the income of our core housing business</li> <li>• Maximise the value of our assets</li> <li>• Strive for great performance and efficient service delivery</li> </ul>
<b>We will be a valued partner to help improve lives</b>	<ul style="list-style-type: none"> <li>• Support work &amp; training opportunities</li> <li>• Work with like-minded partners to deliver common goals</li> <li>• Encourage healthy lifestyles</li> <li>• Promote independent living</li> </ul>
<b>We will be innovative and grow our business responsibly</b>	<ul style="list-style-type: none"> <li>• Invest in great new homes to meet a wide range of needs</li> <li>• Innovate in our delivery of core services, whilst maintaining our ethos</li> <li>• Sell our services to new customers and businesses</li> <li>• Maintain our excellent reputation with key stakeholders &amp; the sector</li> </ul>

We will deliver these objectives by inspiring and engaging our staff team to deliver great services. To do this we will:

- Recruit, develop & retain great people who demonstrate our values and behaviours
- Provide strong, moral leadership with integrity
- Promote, encourage and facilitate work life balance
- Identify, value & nurture talent, allowing people to reach their full potential
- Work as one vibrant & diverse team
- Continue to deliver great service to tenants

The following staff behaviours are reflected throughout the Trust and demonstrate how we will go about delivering the objectives in our five year plan. Our Staff recruitment and performance management systems are structured around these behaviours, making them a fundamental part of working at the Trust

- Put Customers First
- Help Others
- Thank People
- Take Responsibility
- Question things to find a better way
- Do what we say we'll do

The behaviours are reinforced through frequent conversations between managers and staff, recognising when the behaviours are being demonstrated and when they are not. In this way we will support staff not only to do the right things, but to do those things in the right way.

#### Service Plans and Personal Objectives

Service plans have been developed for each service area within the Trust to detail the specific initiatives to deliver the objectives and targets that the Board have set.

These service plans are recorded and monitored through the IT system we developed called 'PlainView'. 'PlainView' is designed to enable us to monitor our plans and improve management accountability. Each manager responsible for the delivery of their service plan accounts for progress at review meetings attended by staff and managers from across the business.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Service Plans and Personal Objectives (continued)**

Through the 'PlainView' system responsibilities are allocated to individuals and together with the Performance Management framework this ensures that all staff know their role in delivering the Trust's objectives.

**Performance During the Year, by Corporate Objective**

<b>OBJECTIVE 1 - We Will be a Great Landlord</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16 Target</b>
Operating surplus from core housing services as a % of core housing income	43.63%	43.41%	34.50%
% Responsive Repairs - Customer Satisfaction	95.59%	97.62%	96.00%
Tenancies Terminated in First 12 months	46	42	45
Staff Engagement ' Good Employer' rating	100%	70%	98%

The Performance Indicators we use to measure this objective during 2015/16 included a financial performance measure looking at the operating 'profitability' of our core housing services activity. This measure significantly exceeded the target of 34.50% and showed a significant increase on the previous year's performance of 43.63%. Repairs satisfaction is known to be strongly correlated to overall satisfaction because it is important to tenants and affects a lot of tenants during any given year. Repairs satisfaction improved year on year and exceeded our target of 96.00%.

During 2015/16 the Board monitored the number of tenancies terminated within the first 12 months rather than overall 'Tenancy turnover' because it better indicates the sustainability of the tenancies we issue. The numbers of tenancies terminated within the first twelve months was 42, an improvement on the previous year's 46 and better than the target of 45. Tenancy turnover also reduced from 439 relets in 2014/15 to 415 in 2015/16. The turnover for negative reasons increased from 35 in 2014/15 to 36 in 2015/16.

Staff engagement did not achieve the target of 98% for the year, with 70% of staff agreeing with the statement 'I consider the Trust to be a good employer'. This rating reduced significantly halfway through the year at the same time as the reorganisation of the business and identification of redundancy of 24 posts in the structure.

<b>OBJECTIVE 2 - We Will be a Valued Partner to Help Improve Lives</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16 Target</b>
No. of customers who agree that the Trust helps them to live independently	986	1098	1000
Maximise employment opportunities - number of work & training opportunities created	29	22	30
The Number of Homes That Are Digitally Active	484	793	500

We measured the number of customers who we have helped to live independently, usually by implementing technology that helps people manage their lives without the support of others, and in 2015/16 we helped 1098 customers against a target of 1000.

The Trust also worked with its partners to create 22 employment opportunities, which was lower than the target of 30 due to our decision to cancel a programme of work placements halfway through the year in order to focus on the changes that were needed to deal with the rent reduction. The Trust has helped to get 793 homes digitally active by providing a combination of training, equipment and access to online services, exceeding the target of 500 and increasing the previous year's performance of 484.

<b>OBJECTIVE 3 - We Will Innovate and Grow Our Business Responsibly</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16 Target</b>
Operating margin	27.2%	31.1%	26.0%
Maximise operating cost efficiency savings	n/a	£88,781	£50,000
Growth in non-housing Turnover	n/a	10.58%	7.40%
Weekly Empty Property Cost Per Tenant	£4.80	£3.97	£4.66

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Performance during the year, by corporate objective (continued)**

Performance against Objective 3 of the 5 year plan exceeded all its set targets in the year. For the first time a target was set for Operating Margin based on the management accounts during the year. The Operating Margin target was 26% in line with sector averages and the actual margin was 31.1%. We also set a new target for generating savings as a result of procurement activity and this exceeded a target of £50,000 delivering savings of over £88,000, principally due to vehicle fuel efficiency. We experienced a growth in non housing turnover of 10.58%, in excess of our target of 7.4%. Weekly cost Empty Property Cost Per Tenant improved for the third year running. In 2013/14, when this measure was introduced, empty properties cost £7.24 per tenant per week, in 2014/15 this fell to £4.80 per tenant per week, and in 2015/16 cost fell further to £3.97, exceeding our target for the year of £4.66 per tenant per week.

Corporate Performance Indicators	2014/15	2015/16	2015/16 Target
Finance covenants are met as a condition of the loan agreement – Interest Cover	n/a	1.93	1.15
% of Properties With Valid LGSR	100%	100%	100%

In addition to the indicators that measure how we are achieving our objectives, we also measured the two corporate performance indicators above. These show that 100% of our properties had a valid Landlord Gas Safety Record at the end of the year and we exceeded our loan covenant related to interest cover.

**Risks and uncertainties**

Key features of the Trust's processes for managing risks and uncertainties are:

**Risk identification and assessment**

As the Trust's corporate planning processes establish and update the organisation's objectives, the risks that may prevent their achievement are identified. They are assessed to establish the most significant items by reference to both their impact on the organisation and their likelihood of occurrence. This activity is carried out at appropriate levels throughout the Trust including at operational level. Reports to the Board highlight the risks of the individual issues under consideration.

**Risk appetite statement**

The Board accepts that the Trust cannot achieve its objectives or purpose without taking some risks. The Board recognises its duty to safeguard the assets of the Trust and believes that financial strength is the key to delivery of other objectives.

The Board supports innovation and positive risk taking at an operational level is encouraged where appropriate controls enable worst case losses to be understood and provided for.

For key strategic risks, controls will be put in place to reduce the likelihood and the impact risks occurring, taking into account the costs and benefits of controlling, transferring or reducing those risks. Risks will be scored on a scale of 1 to 5 for both probability and impact, both before and after controls and the results multiplied together to arrive at a risk score. Risks with a remaining score of 20 or above will not be tolerated and the Board will take urgent action to reduce risk to below this level.

Subject to this limit, the risks arising from decisions to achieve our objectives can be accepted, provided the Board is satisfied that:

- i. Financial strength can be maintained as defined by our Golden Rules;
- ii. The good reputation of the Trust is maintained, in order to enable us to continue to work in partnership with others with similar goals.

In using this statement to authorise risk taking decisions, the Board will seek information and assurance to make a proper judgement and consider the cumulative effect of the number of 'live' strategic risks the Trust will be exposed to at the same time. The assessment of decisions against the risk appetite will be recorded in the Board minutes.

This risk appetite statement will be reviewed annually by the Board.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Risks and uncertainties (continued)**

Major risks

Through the above process and by other regular review, those risks, which present the greatest threats to the Trust, are identified and reported to the Board (via our Audit Committee) at least twice a year. The Board receives information on actions being taken to manage those key risks and the results of those actions.

Effectiveness of control mechanisms

For those risks which are identified as being the most significant for any part of the Trust, the existing control environment is assessed to establish ways in which it can be improved. Areas identified for improvement will be regularly followed up until action points are fully addressed. Where a view is formed that the Trust cannot exercise adequate control over the relevant risk (for example due to external influences) then the objective will be revisited to establish whether or not it can be amended to reduce risk. If this proves to be difficult then management at the next level will take a view as to whether the risk is to be accepted.

Risks are rated for their probability and impact before and after controls and mitigations are put in place. The risks identified in the corporate risk map that present the highest risk after controls are listed below:

**HIGH RISK - Rated 16 or higher**

Delivering the business plan to address the 1% rent reduction

**MEDIUM RISK - Rated 8 to 15**

Differential inflation rates (costs rising at a faster rate than income)  
Significant health & safety failure  
Pension costs escalation  
Governance failure  
Liquidity (inability to access funds to deliver business plan)  
Failure to maintain our excellent reputation with key stakeholders & the sector  
Welfare reform impact on income  
Failure to protect the income of our core housing business  
Rental market exposure  
Failure to work with like minded partners to deliver common goals  
Average earnings growth exceeding assumptions  
Managing a housing development programme  
Community alarm and support service income loss

**LOW RISK - Rated 2 to 7**

Existing debt  
Counter party risk  
Failure to 'sell our services to new customers and businesses'  
High right to buy levels  
Housing market sales exposure  
Failure to promote independent living  
Accounting issues  
Failure to innovate in our delivery of core services, whilst maintaining our ethos  
Existing stock investment problems  
Failure to strive for great performance and efficient service delivery  
Failure to encourage healthy lifestyles  
Failure to maximise the value of our assets  
Pay to stay policy  
Failure to invest in new homes to meet a wide range of needs  
Failure to ensure that customer satisfaction drives service delivery  
Mark to market exposure and bond finance  
Failure to support work & training opportunities  
Securing new debt funding



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Risks and uncertainties (continued)**

The risks that begin with 'Failure to' are based on the Board's analysis of the risks of not achieving the sub objectives in the Trust five year plan. Other risks are the Board's assessment of risks that could affect the business, which has been informed by the HCAs 2015 Sector Risk Profile.

All risks are mitigated to an acceptable level through a combination of controls to reduce risk, plans to reduce the impact and insurance and warranties that transfer the risk.

**Financial performance**

We are pleased to report a surplus for the year of £5.47m for the year (2015: £3.90m). Our financial performance has meant that we have met our lenders' covenants.

The table below summarises the overall results of the Trust:

	2016	2015
	£000s	£000s
Turnover	27,864	26,262
Operating costs and cost of sales	(19,201)	(19,115)
<b>Operating surplus</b>	<b>8,663</b>	<b>7,147</b>
Surplus on sale of assets	1,142	677
Net interest charges	(4,326)	(3,912)
<b>Surplus for the year before tax</b>	<b>5,479</b>	<b>3,912</b>
Taxation	(8)	(10)
<b>Surplus for the year after tax</b>	<b>5,471</b>	<b>3,902</b>

Creditor days were calculated as 27.6 days (2015: 22.2 days) with average performance better than our standard terms of 30 days credit.

The detailed results for the year are set out in the financial statements on pages 17 to 45.

**Capital structure**

Borrowings at the year end were £71.93m (2015: £70.29m). The debt is sourced from Barclays Bank Plc.

Borrowings are in summary:

	31 March 2016		31 March 2015	
	Available facility £m	Drawn £m	Available Facility £m	Drawn £m
Barclays Loan Facility	70.00	70.00	70.00	70.00
Barclays Overdraft Facility	0.50	0.00	0.50	0.29
Barclays Loan Facility (office)	2.00	1.93		
Warrington Borough Council loan	25.00	0.00		

The Barclays housing loan facility of £70.00m is fully drawn with the loan being repaid by instalments from 2023/24 until end of loan term in 2039/40. The overdraft facility is used to manage very short term cashflow. A new £2m loan facility was arranged with Barclays Bank to assist with the purchase of 'Ropewalks', the head office previously leased by the Trust. The Trust has also arranged a new £25m loan facility to support future property development.

£61.93m (86.1%) of the total £71.93m borrowings at the balance sheet date were on interest rates fixed for longer than 3 months.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Financial Performance (continued)**

Cash flows

Cash inflows and outflows for the year under review are set out in the cash flow statement.

During the year net cash of £14.05m (2015: £12.97m) was generated by operating activities. A total of £2.20m (2015: £10.96m) was drawn from loan and overdraft facilities. The new loan being used to part fund the purchase of the office building which had previously been leased by the Trust.

Future Developments

The Board has approved the business plan for 2016/17 onwards, which includes our development programme for 243 new homes in the next four years, 40 of which are assumed to be shared ownership. The Trust has completed 86 new homes during 2015/16 (2014/15: 73 new homes) and started on sites that will deliver another 76 homes. In the year we raised over £2m completed our first 7 shared ownership properties all of which sold with an average of 50% raising £577,100.

Over £5.7m was invested in new homes in the financial year, £0.9m of which was funded through social housing grant from the Homes and Communities Agency and the remainder through existing loan facilities. Sales of 7 higher valued existing properties has raised £1,444,000 to support new development.

The Trust continues to maintain and improve its existing homes and in 2016/17 is planning to invest £4.9m making improvements to existing homes in addition to an investment of £15m in new developments.

Liquidity

The Trust's policy is not to hold significant cash balances but to have loan facilities in place to fund future requirements. At the end of last year, March 2015, however, the Trust decided to borrow £10m of funds that would not be available at the same long term fixed interest rates again. This has left the Trust with surplus funds which are placed on deposit with counterparties that meet the requirements set out in the Trust's Treasury Management Policy.

Loan covenants

The Trust is required to comply with a number of covenants set by its lenders. Covenants are primarily based on interest cover and gearing. The covenants all based on the operating surplus are adjusted for depreciation and impairment.

Pension arrangements

The Trust participates in three pension schemes, the Cheshire Fund and two schemes with the Social Housing Pension Scheme (SHPS), one final salary (defined benefit) scheme and one defined contribution scheme. SHPS defined benefit scheme is a multi-employer scheme and no share of any cash scheme deficit is taken into the Trust balance sheet. Deficit contributions are made to the SHPS defined benefit scheme. The Cheshire Fund shows a deficit of £1.5m (2015: £4.2m) under Section 28 FRS 102 in the balance sheet. The £2.7m decrease in the net deficit was principally driven by changes in financial assumptions used to calculate the value of the pension fund (£1.3m decrease in deficit), as well as a positive return on assets (£1.4m decrease in deficit).

The SHPS Defined Contribution scheme is used as the auto enrolment option when no other option is selected. The Trust currently has 88% of the staff enrolled in one of the three pension schemes.

**Treasury policies and objectives**

The Trust has a formal Treasury Management Policy, which is reviewed and agreed by the Trust Board every year. The purpose and role of the Policy is to establish the framework within which the Trust seeks to protect and control risk and exposure in respect of its borrowings and cash holdings.

In order to achieve this, the policy provides a strategy for:

- i. The Trust's borrowings and subsequent debt management.
- ii. Investment of surplus funds - both short and long term.
- iii. Relationship with bankers, lenders and advisors.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Treasury policies and objectives (continued)**

The Trust only uses hedging instruments to fix variable rate debt; the hedging instruments are embedded within the loan agreement.

The Trust borrows in sterling and so does not have any currency risk.

Surpluses are invested in financial institutions according to rules that have been approved by the Trust Board.

**VALUE FOR MONEY SELF ASSESSMENT 2015-2016**

In this robust self assessment, we set out in a way that is transparent and accessible to our stakeholders, how we are achieving value for money in delivering our purpose and objectives. We want to achieve the following:

- To enable stakeholders to understand the return on assets measured against the our objectives
- To set out the costs of delivering specific services and how they compare
- To evidence the value for money gains that have been and will be made and how these have and will be realised over time

**Return On Assets**

What does return on assets mean?

Return on assets is a way of working out what we get back for what we put into the assets in the business. The main assets are the homes that our tenants live in.

The easiest way to explain the return on assets is to show how much the Trust has spent on the assets, and how much income those assets are generating for the business.

How much has the Trust spent on the assets?

There are different ways of measuring this, but one that is accepted by accountants and allows us to compare with other housing associations is the Depreciated Net Book Value. This is based on what was spent on the homes when they were either bought or built, plus improvements that were made to the homes (or sometimes the surrounding areas), then a share is taken off to represent how much time has passed as the properties, or the improvements, get older (called depreciation).

As at 31<sup>st</sup> March 2016, the Trust owned 5008 homes (2015:4955), which had a value in the accounts of £104.6m (2015:£99.5m).

What does the Trust get back for that investment? OR What is the return?

To work this out we take the rents and service charges our tenants pay and deduct the costs of running the business each year, including repairs and management costs.

The return on the investment in 2015/2016 was a surplus for the year of £5.47m, which gives an annual return of 5.2% on the £104.6m investment. This is a very simple way of looking at things but it uses our audited accounts from the year that ended in March 2016.

How does 5.2% compare? Is it any good?

For the year ended 31<sup>st</sup> March 2015, the Trust had a return on assets of 3.9%, so we can say that this has improved over time. This has been updated to take into account the new accounting standards to the numbers are calculated in the same way.

The 2016 accounts of other housing associations have not been published yet, but we can go back a year earlier to 2015 to see that our reported return on investment (before new accounting standards were adopted) was 4.8% whereas the average housing association made a return of 3.6%.

These are returns for the whole business, taking into account all the income and spending rather than just those that relate to the housing assets.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Value for Money Self Assessment 2015-2016 (continued)**

If we use just the income and spending relating to the housing, we get the following figures for return on assets.

Trust Return on assets	2015/16 = 7.8%
Trust Return on assets	2014/15 = 7.0% (restated using latest accounting standards)
Average Housing Association	2014/15 = 5.1%

This shows that we have continued to out perform the average Housing Association in terms of returns to housing assets.

How does the return on assets help to deliver the Trust's objectives?

As the Trust is a not for profit charitable company, the returns generated are always used to reinvest in assets and service improvements to help the Trust achieve its objectives. The Trust's five year plan has three high level objectives. These are listed below with an explanation of how return on assets fits in:

**1. We will be a great landlord**

As well as generating a healthy financial return, the Trust has also worked hard with its customers help to improve service quality over the years. This helps us attract new tenants and keep the ones we have which protects the income flowing into the business.

Over the years we have improved the quality of our houses by investing in the assets (the homes of our tenants). Sometimes this will improve the return on assets, for example where property had to be redeveloped because people no longer wanted to live there. Or sometimes the investment appears to reduce the returns because while the income from the property remains much the same, the amount invested in the property will have increased.

During 2015/16 we approved a new Asset Strategy with a commitment to improve the way we manage our assets to maximise returns so we can keep improving services and building new properties. We also sold seven existing properties with high values in order to fund building more new properties.

**2. We will be a valued partner to help improve lives**

We work with others to help improve lives, and we'll continue to be a leading player in improving the links between health, housing and independent living; where the opportunities and funding allows. Where we're not best placed to do it ourselves, or we don't have the funding or skills, we'll look to work in partnership with the right organisations who can bring their expertise to help improve lives into the communities where we work or we'll signpost customers to the appropriate partners.

By selecting the right partners and working together, and by securing funding for our activities that is dedicated to improving lives, we no longer need to subsidise these activities from the returns generated from the assets in our core business. This approach will also ensure that our overall return on assets improves as there will be less spending that does not relate to a source of income.

**3. We will be innovative and grow our business responsibly**

By increasing the number of homes we provide, we can improve more lives and also increase the returns to the business in the long term.

We recognise that we may also be able to increase the returns to the business by offering services that we are best at to new customers, or by offering new services to our current customers. This will always be done with regard to protecting the core business that we have – in other words not reducing the returns to the existing business.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Value for Money Self Assessment 2015-2016 (continued)**

**The Cost of Specific Services**

A lot goes into delivering the services our customers receive and we have shown below what it costs, where our tenants weekly rent gets spent and how this compares to other housing associations.

Management Services	Trust cost per rent week 2013-2014 £	Trust cost per rent week 2014-2015 £	Average cost similar housing associations 2014-2015 £
Rent arrears and collection	2.50	2.72	2.81
Anti-social behaviour	1.16	1.17	1.07
Lettings	1.53	1.59	1.33
Tenancy management	1.61	1.50	1.71
Resident involvement	1.20	1.28	1.16
Responsive repairs	2.34	2.32	2.34
Void works	0.42	0.87	0.81
Major works	2.51	2.35	2.53
Cyclical maintenance	1.24	1.35	0.87

As part of our annual business planning process, managers are challenged to set stretching targets for performance and budgets. The targets take into account the service quality the Trust has agreed to deliver with its customers. In this way we ensure continuous improvement in value for money by putting responsibility with service managers to deliver against these targets and benchmarking against the best in the sector.

Our full value for money self assessment, including value for money gains and how they are realised and how we measure and deliver improvements will be available on our website from 30 September 2016.

**Progress Tackling Last Year's higher than Average costs**

**1. Anti Social Behaviour**

We said last year that we would disband our team dealing with low level issues. It did not represent VFM; being accessed by only 5% of tenants and in many cases was offering service levels way beyond those available to an owner-occupier or Private Sector tenant. As a result we aimed to save approx. £100,000. We have since disbanded the team and as a result saved some £357,000; even allowing for a mix of internal and outsourced service for serious tenancy breaches.

Over the last four years our costs have gone from £57.37 per property in 2012-13 to £36.31 in 2013-14 and £33.52 in 2014/15. This figure is still 8.5% higher than the average for similar Housing Associations, though this was before our dramatic reduction outlined above. The cost in 2015/16 will be £12.20.

**2. Lettings**

Our lettings costs are 16% higher than our average in our benchmarked peer group. Improved process efficiencies have reduced our costs from £54.49 in 2012/13 to £45.10 in 2013/14 and £44.28 in 2014/15. Our costs are higher because we invest in extensive pre-allocation assessments, both financial and behavioural to maximise sustainable tenancies, thus reducing higher future void costs. This can be demonstrated by re-let times reducing from 22.38 days in 2013/14 to 18.69 days in 2014/15. Our more intensive pre-tenancy tests have also helped reduced rent loss from 1.24% in 2012/13 to 0.69% in 2014/15 (top 25% performance amongst our peer group.)

**3. Major works & Cyclical**

Our benchmarking data indicates that we are high performance but also high cost in the lowest quartile and so needs to be an area of focus. We intend to drive down costs in this area through the extended use of the in-house team, maximising products and extending cyclical cycles. We will also be reviewing our processes and digitising our procedures to become more efficient as part of our service direct programme. These changes will reduce our costs from £1,701 per property to £1,218, putting us in the top quartile within 12 months.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Value for Money Self Assessment 2015-2016 (continued)**

**4. Estate services**

This area has continually been high performance with high levels of satisfaction but at a cost. By the end of 2016/17 we aim to achieve the current median cost of £132 per home p.a compared to the current £207 per home p.a, by re-tendering our grounds maintenance service on a reduced specification and a digitalisation and restructuring of our estates team.

**INTERNAL CONTROLS ASSURANCE**

The board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Trust is ongoing and has been in place throughout the period commencing 1 April 2015 up to the date of approval of the report and financial statements.

The Board has itself, and through the activities of the Audit Committee, reviewed the outcome of internal and external audit work and the business assurance review which encompassed internal and external sources of assurance on key risks faced by the organisation.

Key elements of the system of control include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the organisation's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and Budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board resolutions.
- Regular monitoring of loan covenants and requirements for new loan facilities.
- Board approved whistle-blowing policy.
- Board approved fraud policy, covering prevention, detection and reporting, together with recoverability of assets.

A fraud register is maintained and is reviewed by Audit Committee at each meeting. 2 incidents of fraud were reported for the financial year, losses to the Trust were recovered in full.

The Trust has a comprehensive internal audit programme provided by Beever and Struthers LLP, Chartered Accountants. The Internal Auditors report to the Trust's Chief Executive on each assignment and to each meeting of the Audit Committee on their recent and prospective activity.

There is an extensive and timely system for reporting progress in the Trust, at many levels. The Board and Audit Committee receive regular and extensive reports on all key areas of performance.

The Board has reviewed the effectiveness of the Trust's internal controls through the work of the Audit Committee, which reports regularly to the Board. In addition, the Trust Chief Executive has submitted to the Board a detailed report on the operation of internal controls during the year under review and up to the date of approval of this report.

**Code of Governance**

The Trust has complied with the Governance and Viability Standard published by the regulatory committee of the Homes and Communities Agency and uses the National Housing Federation's Code of Governance 2015 – code for members (the code) as its chosen code of governance and has fully complied with this code.

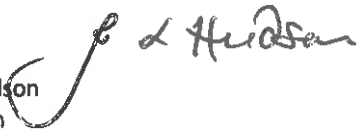
**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**Internal Controls Assurance (continued)**

**Statement of compliance**

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2014.

The strategic report was approved by the Board on 20<sup>th</sup> September 2016 and signed on its behalf by:

John Hudson  
Chairman

A handwritten signature in black ink, appearing to read 'J. Hudson', is written over the printed name and title.

## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **REPORT OF THE BOARD**

The Board is responsible for preparing the Strategic Report, Report of the Board and the financial statements in accordance with applicable law and regulations.

#### **Board Members and Executive Directors**

The Board members are listed on page 1. In line with NHF code of governance the maximum tenure must be agreed for all non-executives which must in total be nine years or fewer, composed of two or more consecutive terms of office. This maximum tenure must apply to all board member service with an organisation or its predecessors or its subsidiaries. Based on the length of tenure a new Chairman was appointed in October 2015. The Board directs the Trust in accordance with its Articles of Association and sets objectives on behalf of the membership, tenants, residents, employees and community at large. The Board meet every two months and comprises of eight voluntary members and a paid Chair. There have been several changes to the Board as follows:

Nicholas Mannion, an independent board member, resigned on 8<sup>th</sup> May 2015 after being elected as a councillor. Tom Agar was appointed to this position in July 2015. In July 2015, Cheshire East Council agreed to relinquish one of their two Board member positions creating a further independent board member vacancy. Gordon Richardson was appointed to this position in September 2015. Don Ellis, a tenant board member, resigned from the Board in October 2015 and despite several recruitment campaigns this position remains vacant. Jan Hennessey, an independent board member, resigned in October 2015 due to reaching the maximum tenure. Kate Lindley was appointed to this position in October 2015. David Gooda, the chairman, resigned in October 2015 due to reaching the maximum tenure and was replaced by John Hudson.

The executive directors are the Chief Executive, the Director of Operations and the Director of Resources known as the executive management team. They hold no interest in the company's shares and act as executives within the authority delegated by the Board. All directors have served throughout the whole year. Trust insurance policies indemnify board members and officers against liability when acting for the Trust.

#### **Service Contracts**

The executive management team are employed on the same terms as other staff. Their notice periods are 6 months.

#### **Pensions**

The executive directors are members of either the Social Housing Pension Scheme or the Cheshire Pension Fund, both defined benefit (final salary) pension schemes. They participate in the schemes on the same terms as all other eligible staff.

#### **Other Benefits**

The executive directors are entitled to other benefits such as the provision of a car.

#### **Employees**

The Trust recognises that the success of the business depends on the quality of our managers and staff. It is the policy of the company that training, career development and promotion opportunities should be available to all employees. The Trust invested £82,177 in staff training and development in the year. This is equivalent to £363 per employee.

We are committed to equal opportunities and in particular we support the employment of people with disabilities both in recruitment and in retention of employees who become disabled whilst employed by the Trust.

The Board is aware of its responsibilities on all matters relating to health and safety. The Trust has prepared detailed health and safety policies and provides staff training and education through its health and safety committee.

#### **Committees**

The Audit Committee which comprises four Board members considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the operation of the Trust's risk management and internal control arrangements and reviews in detail the annual financial statements. Meetings of the Audit and Risk Committee are held at least three times a year.



## **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

### **REPORT OF THE BOARD (CONTINUED)**

The Governance committee which comprises four Board members considers remuneration of the Executive Directors, sets direction on staffing matters and deals with Board conduct and governance issues. The committee meets annually unless there is a need to consider other issues as they arise.

#### **Challenge Group**

The Challenge Group is a group of customers who provide monitoring through 'scrutiny' of our performance against the standards we have agreed with our residents. This group has responsibilities set in our standing orders and its influence is crucial to our delivery of our regulator's vision of co-regulation and resident scrutiny.

The Challenge Group set a work programme for the Tenant Inspectors, who work closely with the Challenge Group to deliver excellent resident scrutiny and report on improvements that can be made to the Trust's services. The Tenant Inspectors fulfil their role by benchmarking performance, shadowing staff, mystery shopping services, customers and staff surveys and by reviewing policies and procedures.

#### **STATEMENT OF THE RESPONSIBILITIES OF THE BOARD FOR THE REPORT AND FINANCIAL STATEMENTS**

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statement of Recommended Practice: Accounting by Registered Housing Providers (2014) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

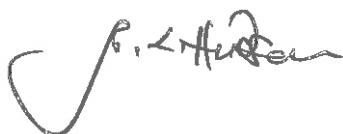
The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board confirms that:

- so far as each Board member is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Board have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Board members are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The report of the Board was approved by the Board on 20<sup>th</sup> September 2016 and signed on its behalf by:



**John Hudson**  
Chairman

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

We have audited the financial statements of Cheshire Peaks & Plains Housing Trust Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the board and the auditor**

As explained more fully in the Statement of Responsibilities of the Board set out on page 13, the board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of the company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



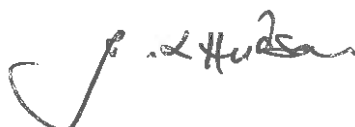
Joanne Love  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 20 September 2016

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 March 2016**

	Note	2016 £'000s	2015 £'000s
<b>TURNOVER</b>	3	27,864	26,262
Cost of sales	3	(37)	(271)
Operating costs	3	(19,164)	(18,844)
<b>OPERATING SURPLUS</b>		8,663	7,147
Gain on disposal of property	6	1,142	677
Interest receivable	7	63	4
Interest and financing costs	8	(4,389)	(3,916)
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		5,479	3,912
Taxation	11	(8)	(10)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		5,471	3,902
Remeasurements in respect of pension schemes	23	3,059	(1,559)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		8,530	2,343

The financial statements were approved by the Board on 20 September 2016

John Hudson  
Chairman



The results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 March 2016**

**STATEMENT OF CHANGES IN RESERVES**

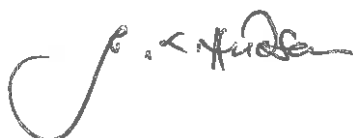
	<b>Income and expenditure reserve £'000s</b>
Balance as at 1 April 2014	25,067
Total comprehensive income for the year	<u>2,343</u>
Balance at 31 March 2015	27,410
Total comprehensive income for the year	<u>8,530</u>
Balance at 31 March 2016	<u><u>35,940</u></u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2016**

	<b>Note</b>	<b>2016 £'000s</b>	<b>2015 £'000s</b>
<b>FIXED ASSETS</b>			
Tangible fixed assets	12,13	108,480	100,319
Intangible fixed assets	14	408	503
Investment properties	15	1,894	-
		<u>110,782</u>	<u>100,822</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		12,179	13,223
Properties for sale	16	175	-
Trade and other debtors	17	1,626	1,833
		<u>13,980</u>	<u>15,056</u>
<b>CREDITORS: Amounts falling due within one year</b>	18	<u>(5,687)</u>	<u>(5,519)</u>
<b>NET CURRENT ASSETS</b>		<u>8,293</u>	<u>9,537</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>119,075</u>	<u>110,359</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	19	(81,432)	(78,645)
<b>PROVISIONS FOR LIABILITIES</b>			
Pension provision Cheshire Pension Fund	23	(1,531)	(4,191)
Other provisions	24	(172)	(113)
		<u></u>	<u></u>
<b>TOTAL NET ASSETS</b>		<u>35,940</u>	<u>27,410</u>
<b>RESERVES</b>			
Income and expenditure reserve		35,940	27,410
		<u></u>	<u></u>
<b>TOTAL RESERVES</b>		<u>35,940</u>	<u>27,410</u>

The accompanying notes form part of these financial statements.

The financial statements were issued and approved by the Board on 20 September 2016.



John Hudson  
Chairman  
20 September 2016

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 March 2016**

	<b>Note</b>	<b>2016 £'000s</b>	<b>2015 £'000s</b>
<b>Net cash generated from operating activities</b>	25	14,055	12,966
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(15,414)	(12,423)
Proceeds from sale of tangible fixed assets		1,656	1,173
Grants received		1,172	1,098
Interest received		63	4
		<u>(12,523)</u>	<u>(10,148)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(4,421)	(3,430)
Interest element of finance lease rental payments			
New secured loans		2,000	10,960
Repayment of borrowings		(67)	-
Capital element of finance lease rental payments			
Withdrawal from deposits			
		<u>(956)</u>	<u>10,348</u>
<b>Net change in cash and cash equivalents</b>		<b>(956)</b>	<b>10,348</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>12,932</b>	<b>2,583</b>
<b>Cash and cash equivalents at end of the year</b>		<b>11,976</b>	<b>12,931</b>

The accompanying notes form part of these financial statements

# **CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 March 2016**

#### **1. LEGAL STATUS**

##### **Legal status**

The company is incorporated under the Companies Act 2006 and is registered with the Homes and Communities Agency as a Registered Provider. In addition, the company is a registered charity with the Charities Commission. The registered office is Ropewalks, Newton Street, Macclesfield, Cheshire SK11 6QJ.

#### **2. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements of the Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

This is the first year in which the financial statements have been prepared under FRS102. Refer to Note 31 for an explanation of the transition.

The financial statements are presented in Sterling (£)

##### **Going concern**

The Trust's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Trust has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with its day to day operations. The Trust also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

##### **Significant judgements and estimates**

Preparation of the financial statements require management to make significant judgements and estimates.

*The following are the significant management judgements made in applying the accounting policies of the Trust that have the most significant effect on the financial statements.*

##### **Impairment**

From 1 April 2016, Cheshire Peaks & Plains Housing Trust has reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. There is a one year exemption of the reduction for supported housing where an increase of CPI plus one per cent has been applied (0.9%).

Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment.

As a result, we undertook an impairment assessment of our housing properties where significant investment had been made or increases in void loss. No material adjustment has been made.

With regard to development sites the Trust has estimated the recoverable amount of our housing properties and compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred. Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, there was no impairment of social housing properties.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**  
**2. ACCOUNTING POLICIES (continued)**

**Capitalisation of property development costs**

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £7.31m relating to the following schemes:

Throwsters Court  
Greenhill Walk, Disley  
Earlsway  
Beech Road

**Supporting people**

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the Trust when considering the income to be recognised. £360k of supporting people income was recognised in the year. Supporting people income has been withdrawn with effect from April 2016.

**Estimation of uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditure is provided below. Actual results may be substantially different.

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2016 was £33.47m.

**Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 23). The liability at 31 March 2016 was £1.53m.

**Turnover and revenue recognition**

Turnover represents rental and service charge income receivable in year (net of void losses), income from shared ownership first tranche sales and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales is recognised at the point of legal completion of the sale. Other income is recognised as receivable on the delivery of services provided.

**Taxation**

No taxation is payable on the primary purpose surpluses of the Trust, as it has charitable status. Corporation tax is payable on non primary purpose trading surpluses incorporating Feed-in-tariff income on renewal energy PV panels using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Value Added Tax**

The Trust is registered for Value Added Tax (VAT). The Trust charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end date is included as a current liability or asset.

**Interest payable**

Interest payable on borrowings is charged to income and expenditure in the year.



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**2. ACCOUNTING POLICIES (continued)**

**Financial Instruments**

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 and Section 12 of FRS102 are recognised at amortised historical cost. The Trust has applied the provisions of both Section 11 and Section 12 of FRS102 in full and as such has classified all financial instruments as basic.

The Trust has not adopted hedge accounting for the financial instruments.

**Debtors**

Short term debtors, including tenant arrears, are measured at transaction price less a provision for amounts considered unlikely to be received.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

**Creditors**

Short term trade creditors are measured at transaction price, less any impairment. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised costs using the effective interest method.

**Employee Benefits**

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period to which they are incurred.

**Pension costs**

The company participates in the Cheshire Pension Fund and the Social Housing Pension Scheme defined benefit salary pension schemes and the Social Housing defined contribution scheme.

***The Cheshire Pension Fund***

For the Cheshire Pension Fund scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Trust through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus.

Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

***Social Housing Pension Scheme (SHPS)***

The Trust participates in a second defined benefit pension scheme, 'The Social Housing Pension Scheme', which provides benefits based on final pensionable pay. The assets of this scheme are held separately from those of the Trust.

It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the Trust to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability within other provisions in the Trust's financial statements.

The Trust also operates the Social Housing defined contribution scheme which is used as the auto enrolment option when no other option is selected. Contributions payable under this scheme are charged to operating surplus in the year to which they relate.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**2. ACCOUNTING POLICIES (continued)**

**Housing properties**

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefit of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

**Investment properties**

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

**Government grants**

Government grants includes grants receivable from the Homes and Communities Agency (the HCA), local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land) where applicable under the accruals method.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Trust is required to recycle these proceeds.

**Other grants**

Grants received from non government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Trust is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**Depreciation of housing properties**

The Trust separately identifies the major components which comprise its' housing properties and charges depreciation, so as to write-down the cost of each component to its' estimated residual value, on a straight-line basis, over its useful economic life.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**2. ACCOUNTING POLICIES (continued)**

The Trust depreciates the major components of its' housing properties at the following annual rates:

**Housing Properties**

Structure - New Build	100 years	Structure - Transfer Stock	60 years
Lifts	30 years	Roofs	50 years
Electrical systems	30 years	Windows & Doors	30 years
Kitchen	20 years	Bathroom	30 years
Heating & Boilers	15 years	Energy Efficiency	20 years
Programme Fees	10 years	Environmental	10 years
Other	5 years		

Freehold land is not depreciated

**Impairment**

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its' recoverable amount. Where the carrying amount of a scheme is deemed to exceed its' recoverable amount, the scheme is written down to its' recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Trust, its' recoverable amount is its' fair value less costs to sell.

**Other tangible fixed assets**

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of the other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal estimated useful economic lives used for other fixed assets are:

Fixtures & Fittings	15 years	Computer and telecoms equipment	3 years
Plant, Machinery and Vehicles	3 years		

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

**Disposal Proceeds Fund**

Private registered providers are required by section 177(1) of the Housing and Regeneration Act 2008 (2008ACT) to show net proceeds for certain types of disposals in a Disposals Proceed Fund in its' annual accounts. This fund can be used in acquisition and improvement for low cost rental accommodation in line with the regulators direction as per section 178(1) of the 2008 Act.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leases asset to the Trust. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Trust recognises annual rent expense equal to amounts owed to the lessor.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**2. ACCOUNTING POLICIES (continued)**

The aggregate benefit of lease incentives are recognized as a reduction to the expense recognized over the lease term on a straight line basis.

**Properties for sale**

Shared ownership first tranche sales and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

**Provisions for liabilities**

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognized as a finance cost in profit or loss in the period it arises.

The Trust recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

**Goodwill**

Goodwill relates to the excess of the fair value of the consideration paid to Macclesfield Borough Council (MBC) over the fair value of the identifiable assets and liabilities acquired, including the net defined benefit scheme deficit, at the date of transfer from MBC. The consideration paid to MBC equated to the value of the net assets acquired excluding the net defined benefit scheme deficit. As a result goodwill arose that was equal to the present value of the defined benefit scheme assets compared to the fair value of the defined benefit scheme deficit as at the date of transfer from MBC. Goodwill is amortised on a straight line basis over the period calculated by reference to the difference between the average age of employees in the scheme and their expected retirement age.

The Trust has applied the transition relief under Section 35 of FRS102. The transaction took place prior to the transition date of 01 April 2014.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**3. Particulars of turnover, cost of sales, operating costs and operating surpluses**

	Turnover 2016 £'000s	Cost of sales 2016 £'000s	Operating costs 2016 £'000s	Operating surplus/(deficit) 31 March 2016 £'000s
Social housing lettings	24,701	-	(16,777)	7,924
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	67	(37)		30
Support Services	158	-	(122)	36
Supporting people	360	-	(278)	82
Other	337	-	(260)	77
	<u>25,623</u>	<u>(37)</u>	<u>(17,437)</u>	<u>8,149</u>
Activities other than Social Housing	2,241	-	(1,727)	514
	<u>27,864</u>	<u>(37)</u>	<u>(19,164)</u>	<u>8,663</u>

	Turnover 2015 £'000s	Cost of sales 2015 £'000s	Operating costs 2015 £'000s	Operating surplus/(deficit) 31 March 2015 £'000s
Social housing lettings	23,834	-	(17,006)	6,828
<u>Other social housing activities</u>				
First tranche low cost home ownership sales	321	(271)		50
Support Services	162	-	(141)	21
Supporting people contract	316	-	(276)	40
Other	344	-	(300)	44
	<u>24,977</u>	<u>(271)</u>	<u>(17,723)</u>	<u>6,983</u>
Activities other than social housing	1,285	-	(1,121)	164
	<u>26,262</u>	<u>(271)</u>	<u>(18,844)</u>	<u>7,147</u>

The operating costs in Note 3 have been restated for the year ended 31<sup>st</sup> March 2015 to aid comparison with the current year, where a different overhead apportionment method has been used to better reflect actual cost allocations. Total operating costs have not been affected, only the apportionment of costs between Social housing lettings, Other social housing activities and Activities other than social housing.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**3. Particulars of turnover, cost of sales, operating costs and operating surpluses (continued)**

	General needs 2016 £'000s	Supported housing and housing for older people 2016 £'000s	Low cost home ownership 2016 £'000s	31 March 2016 £'000s	31 March 2015 £'000s
Rent receivable net of identifiable service charges	17,683	6,517	14	24,214	23,410
Service charge income	198	201	-	399	324
Amortised government grants	88			88	100
<b>Net rental income from social housing lettings</b>	<b>17,969</b>	<b>6,718</b>	<b>14</b>	<b>24,701</b>	<b>23,834</b>
Management	(2,624)	(772)	(5)	(3,401)	(3,917)
Service costs	(1,254)	(172)		(1,426)	(1,254)
Routine maintenance	(3,319)	(955)		(4,274)	(4,654)
Planned maintenance	(1,844)	(530)		(2,374)	(2,170)
Bad debts	(129)	(37)		(166)	(151)
Impairment of housing properties	(269)	(77)	-	(346)	
Depreciation of housing properties	(3,670)	(1,020)	(5)	(4,695)	(4,765)
Amortisation of goodwill	(74)	(21)		(95)	(95)
<b>Operating costs on social housing lettings</b>	<b>(13,183)</b>	<b>(3,584)</b>	<b>(10)</b>	<b>(16,777)</b>	<b>(17,006)</b>
<b>Operating surplus on social housing lettings</b>	<b>4,786</b>	<b>3,134</b>	<b>4</b>	<b>7,924</b>	<b>6,828</b>
<b>Void losses</b>	<b>117</b>	<b>28</b>		<b>145</b>	<b>134</b>

The operating costs in Note 3 have been restated for the year ended 31<sup>st</sup> March 2015 to aid comparison with the current year, where a different overhead apportionment method has been used to better reflect actual cost allocations. Total operating costs have not been affected, only the apportionment of costs between Social housing lettings, Other social housing activities and Activities other than social housing.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**4. Accommodation in management and development**

At the end of the year accommodation in management was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No of properties</b>	<b>No of properties</b>
<b>Social Housing</b>		
General Needs	3,502	3,469
Housing for older people	1,495	1,480
Low cost home ownership	11	6
<b>Total owned</b>	<b>5,008</b>	<b>4,955</b>
Accommodation managed for others	12	12
<b>Total managed</b>	<b>12</b>	<b>12</b>
<b>Accommodation in development at the year end</b>	<b>25</b>	<b>57</b>

**5. Operating Surplus**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Surplus on ordinary activities is stated after charging:		
Depreciation:		
Housing properties	4,695	4,765
Impairment	346	
Amortisation of grants	(88)	(100)
Other tangible fixed assets	269	259
Amortisation:		
Goodwill	95	95
Operating leases:		
Land & Buildings	443	524
Other equipment	52	77
Auditor's remuneration (excluding VAT and expenses):		
Fees payable to the company's auditor for the audit of the company's annual financial statements	27	23
Fees payable to the company's auditor for the audit of the company's service charges	6	3
iXBRL and Tax compliance fees	2	3

**6. Surplus on sale of fixed assets**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Sale proceeds	2,521	1,904
Carrying value of fixed assets	(418)	(352)
Incidental sale expenses	(28)	(23)
Transfer to Disposal Proceeds Fund	-	(144)
Right to Buy re-imbursement	(933)	(708)
	<b>1,142</b>	<b>677</b>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**7. Interest receivable and other income**

	<b>2016</b> <b>£'000s</b>	<b>2015</b> <b>£'000s</b>
Income from bank deposits	63	4

**8. Interest payable and similar charges**

	<b>2016</b> <b>£'000s</b>	<b>2015</b> <b>£'000s</b>
Defined benefit pension charge	138	107
Loans and bank overdraft	4,250	3,807
SHPS interest expense	1	2
	<b>4,389</b>	<b>3,916</b>

**9. Staff numbers and costs**

The average monthly number of persons (including the executive directors but excluding the Board), expressed in full time equivalents (calculated based on a standard working week of 37 Hrs):

	<b>2016</b> <b>No.</b>	<b>2015</b> <b>No.</b>
Administration	51	53
Housing	75	68
Development and maintenance	100	121
	<b>226</b>	<b>242</b>

	<b>2016</b> <b>£'000s</b>	<b>2015</b> <b>£'000s</b>
<b>Employee Costs:</b>		
Staff costs (for the above employees)		
Wages and salaries	6,205	6,137
Social security costs	445	446
Other Pension costs (included in operating costs)	951	1,038
	<b>7,601</b>	<b>7,621</b>
 Restructuring Costs	 111	 85

The Trust's employees are members of the Cheshire Pension Fund or of the Social Housing Pension Fund (SHPS). The Trust has an alternative defined contribution pension scheme with SHPS.



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**9. Staff numbers and costs (continued)**

The full time equivalent number of staff who received emoluments in the ranges below (excluding directors) was as follows:

	2016 No.	2015 No.
£60,001 to £70,000	3	3
£70,001 to £80,000	1	1
£80,001 to £90,000	3	4
£90,001 to £100,000	2	1
£100,001 to £110,000	0	-
£110,001 to £120,000	0	-
£120,001 to £130,000	0	2
£130,001 to £140,000	2	-
£140,001 to £150,000	1	1
	<u>12</u>	<u>12</u>

**10. Key management personnel**

The aggregate remuneration for the Executive Management team who are considered to be the key management personnel charged in the year is:

	2016 £'000s	2015 £'000s
Basic Salary	310	314
Benefits in kind	18	18
Social security costs	34	33
Pension contributions	49	47
	<u>411</u>	<u>412</u>
Emoluments (excluding pension contributions) payable to the Executive Management team	<u>411</u>	<u>412</u>

The Trust's Chief Executive, who was the highest paid employee, is a member of the Social Housing Pension Scheme. He is an ordinary member and no enhanced or special terms apply. The Trust does not make any further contributions to an individual pension arrangement for the Chief Executive. The emoluments of the highest paid employee, the Chief Executive, excluding pension contributions were £120,315 (2015: £117,865).

The chairman is the only board member to receive an annual emolument, £11,852 was incurred in the year (2015: £11,264) with expenses of £413 (2015: £Nil).

**11. Tax on surplus ordinary activities**

The taxation charge which arises in the company included within these financial Statements comprises:

	2016 £'000s	2015 £'000s
Surplus on Non primary purpose trading before tax	76	86
Less capital allowance – special rate asset pool	(35)	(38)
Non primary purpose trading income	<u>41</u>	<u>48</u>
Corporation Tax due at 20%	8	10
	<u>8</u>	<u>10</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**11. Tax on surplus ordinary activities (continued)**

Cheshire Peaks & Plains Housing Trust Limited is a registered charity with charitable status for tax purposes. As such its main sources of income and gains, received under Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, are exempt from taxation to the extent that they are applied exclusively to its charitable objectives. Non primary trading includes Feed-in-Tariff income received as part of the Trust's renewal energy project. Tax on Non Primary purpose trading has resulted in a 2016 tax charge of £8,000 (2015; £10,000).

**12. Fixed assets: housing properties**

	Housing properties held for letting £'000s	Housing properties under construction £'000s	Completed Shared Ownership Properties £'000s	Under Construction Shared Ownership Properties £'000s	Total Housing properties £'000s
<b>Cost</b>					
At 1 April 2015	120,772	4,922	358	-	126,052
New development schemes	-	5,169	239	38	5,446
Works to existing properties	5,077	-	-	-	5,077
Schemes completed	7,311	(7,311)	-	-	-
Disposals – RTB	(683)	-	-	-	(683)
<b>At 31 March 2016</b>	<b>132,477</b>	<b>2,780</b>	<b>597</b>	<b>38</b>	<b>135,892</b>
<b>Depreciation</b>					
At 1 April 2015	26,582	-	2	-	26,584
Depreciation charged in year	4,858	-	7	-	4,865
Released on disposal	(170)	-	-	-	(170)
<b>At 31 March 2016</b>	<b>31,270</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>31,279</b>
<b>Net book value</b>					
<b>At 31 March 2016</b>	<b>101,207</b>	<b>2,780</b>	<b>588</b>	<b>38</b>	<b>104,613</b>
<b>At 31 March 2015</b>	<b>94,190</b>	<b>4,922</b>	<b>356</b>	<b>-</b>	<b>99,468</b>

**Expenditure on works to existing properties**

	2016 £'000s	2015 £'000s
Amounts capitalised	5,029	3,433
Amounts charged to income and expenditure account	1,613	1,587

**Social Housing Assistance**

	2016 £'000s	2015 £'000s
Total accumulated social housing grant received or receivable as 31 March 16:		
Capital Grant	7,158	6,444
Recognised in the Statement of Comprehensive Income	6,728	3,916
Held as deferred income	430	2,528

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**Housing properties book value net of depreciation**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Freehold land and buildings	45,724	36,629

**Impairment**

The Trust considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2014. CGU's were assessed for changes to the operating environment or the asset and as a result no social housing properties were impaired. The review of components resulted in an impairment charge to the statement of comprehensive income of £345,610.

**13. Tangible fixed assets – other**

	<b>Freehold and Leasehold properties £'000s</b>	<b>Fixture and fittings £'000s</b>	<b>Computers &amp; Office Equipment £'000s</b>	<b>Total £'000s</b>
<b>Cost</b>				
At 1 April 2015	-	1,084	2,025	3,109
Additions	3,209	13	64	3,286
Disposals	-	-	(333)	(333)
<b>At 31 March 2016</b>	<b>3,209</b>	<b>1,097</b>	<b>1,756</b>	<b>6,062</b>
<b>Depreciation</b>				
At 1 April 2015	-	538	1,720	2,258
Charge for year	27	71	171	269
Released on disposal	-	-	(332)	(332)
<b>At 31 March 2016</b>	<b>27</b>	<b>609</b>	<b>1,559</b>	<b>2,195</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>3,182</b>	<b>488</b>	<b>197</b>	<b>3,867</b>
<b>At 31 March 2015</b>	<b>-</b>	<b>546</b>	<b>305</b>	<b>851</b>

**14. Intangible fixed assets: goodwill**

	<b>Goodwill £'000s</b>
<b>Cost</b>	
As at 1 April 2015 and 31 March 2016	1,331
<b>Amortisation</b>	
At 1 April 2015	828
Charge for year	95
<b>At 31 March 2016</b>	<b>923</b>
<b>Net book value</b>	
<b>At 31 March 2016</b>	<b>408</b>
<b>At 31 March 2015</b>	<b>503</b>

Goodwill of £1,331,000 arose on the stock transfer from Macclesfield Borough Council on 17 July 2006. The transaction is subject to transitional relief as it took place prior to transition date of 1 April 2014.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**15. Investment Properties**

	<b>2016</b>
	<b>£'000</b>
At 1 April	-
Additions	1,894
Decrease in value	-
At 31 March	<u>1,894</u>

The investment property was valued on 17 September 2015 on behalf of Barclays Bank Plc. The valuation was undertaken by Cushman & Wakefield, professional external valuers. The investment property has been assessed using the estimated Rental Value of the property, in accordance with the assumed rent review provisions in the leases, as at 3 September 2015. The Board do not consider there to be a change to the value as at 31 March 2016.

**16. Properties for sale**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Shared Ownership Properties:</b>		
Completed Properties	150	-
Work in Progress	25	-
	<u>175</u>	<u>-</u>

**17. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Arrears of rent and service charges	473	510
Less: provision for bad and doubtful debts	(309)	(255)
	<u>164</u>	<u>255</u>
VAT	-	151
Other debtors	710	341
Prepayments and accrued income	752	1,086
	<u>1,626</u>	<u>1,833</u>

**18. Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Debt (Note 22)	335	291
Trade creditors	707	646
Other creditors	1,295	784
Rent and service charges received in advance	194	220
Other taxation and social security creditors	174	232
Accruals and deferred income	2,167	2,671
Deferred grant income (Note 20)	88	88
Social housing grants in advance of costs	727	587
	<u>5,687</u>	<u>5,519</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**19. Creditors: amounts falling due after more than one year**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
<b>Loans</b>		
Debt (Note 22)	73,618	71,556
Deferred grant income (Note 20)	7,670	6,945
Disposal Proceeds Fund (Note 21)	144	144
	<u>81,432</u>	<u>78,645</u>

**20. Deferred grant income**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
At 1 April	7,033	5,206
Grant received in the year	813	1,927
Released to income in the year	(88)	(100)
	<u>7,758</u>	<u>7,033</u>
At 31 March	<u>7,758</u>	<u>7,033</u>

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Amounts to be released within one year	88	88
Amounts to be released in more than one year	7,670	6,945
	<u>7,758</u>	<u>7,033</u>
At 31 March	<u>7,758</u>	<u>7,033</u>

**21. Disposal Proceeds Fund**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
At 1 April	144	-
Net sales proceeds recycled	-	144
Interest accrued	-	-
	<u>144</u>	<u>144</u>
At 31 March	<u>144</u>	<u>144</u>

As at 31 March 2016, there are no amounts due for repayment and £Nil has been paid in the year. Interest of £0.4k has been credited in year to 31 March 2016 (£0.1k 2015).

**22. Debt Analysis**

**Borrowings**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
<b>Due within one year</b>		
Bank overdraft	203	291
Bank Loans	132	-
<b>Due after more than one year</b>		
Bank Loans	73,618	71,556
	<u>73,953</u>	<u>71,847</u>

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**22. Debt Analysis (continued)**

**Security**

The bank loans are secured by a floating charge over the assets of the Trust and by fixed charges on individual properties.

**Terms of repayment and interest rates**

The principal amount of the housing loans outstanding were £70m at 31st March 2016. £60m is charged interest at a fixed rate with final repayment in the period 2036 to 2040 on rates of interest ranging from 5.72% to 6.73%. The variable loan of £10m is charged interest at a margin on the variable rate linked to 3 month LIBOR.

A £2m bank loan utilised for the purchase of the office is on a 10 year repayment basis. Interest is charged on a fixed rate basis of 3.49% with the final instalment falling due in 2025.

A local authority loan facility of £25m is in place. The loan is secured by fixed charges on individual properties. At 31 March 2016 the Trust had security in place to draw circa £5.39m of loan (2015: £Nil), as at 31 March 2016 £Nil of this loan has been drawdown.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Within one year or on demand	335	291
One year or more but less than two years	264	
Two years or more but less than five years	396	
Five years or more	72,958	71,556
<b>Total Loans</b>	<b>73,953</b>	<b>71,847</b>

**23. Pension schemes**

The Trust participates in two defined benefit pension schemes, 'The Cheshire Fund' (Local Government Pension Scheme) defined benefit scheme, 'The Cheshire Fund', and 'The Social Housing Pension Scheme (SHPS)', both of which provide benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Trust.

A SHPS defined contribution scheme is used as the auto enrolment option when no other option is selected.

**The Cheshire Fund**

The Cheshire Fund (LGPS) is a multi employer scheme, administered by Cheshire West Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2016 by a qualified independent actuary.

The employer's contribution to the LGPS by the company for the year ended 31 March 2016 were £565,000 (2015 £550,983) at a contribution rate of 22.1% of pensionable salaries. The contribution rate for the next financial year will remain at 22.1%. The rate of contribution being determined by the actuary. Estimated employers' contributions to the LGPS during the accounting period commencing 1 April 2016 are £492,000.

The major assumptions used for the actuarial valuation were as follows:

<b>Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Inflation/pension increase rate	2.2%	2.4%
Rate of increase in salaries	3.2%	3.3%
Expected return on asset	3.5%	3.2%
Discount rate	3.5%	3.2%

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**23. Pension schemes (continued)**

**Mortality assumptions**

The mortality assumption has been updated since the previous year end to make allowance for increasing life expectancy. The assumed life expectations on retirement at age 65 are:

	<b>2015-2016</b>		<b>2014-2015</b>	
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
Current pensioners	22.3 years	24.4 years	22.3 years	24.4 years
Future pensioners	24.1 years	26.7 years	24.1 years	26.7 years

The amounts recognised in the income and expenditure account are as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Current service cost	788	610
Past service cost	38	-
Amounts charged to operating costs	826	610
Interest on obligation	739	789
Expected return on scheme assets	(601)	(682)
Amounts charged to other finance costs	138	107

The amount included in the balance sheet arising from the Trust's obligations in respect of its defined benefit scheme is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Fair value of scheme assets	19,946	18,578
Present value of defined benefit obligations	(21,477)	(22,769)
Deficit in the schemes	(1,531)	(4,191)
Net liability in the balance sheet	(1,531)	(4,191)

Changes in the present value of the defined benefit obligation are as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Opening defined benefit obligation	22,769	18,178
Current service cost	788	610
Past service cost	38	-
Interest on pension liabilities	739	789
Contributions by scheme participants	176	178
Actuarial (gains)/losses	(2,678)	3,417
Benefits paid	(355)	(403)
Closing defined benefit obligation	21,477	22,769

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**23. Pension schemes (continued)**

Changes in the fair value of the scheme assets are as follows:

	<b>2015</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Opening fair value of scheme assets	18,578	15,721
Expected return on scheme assets	601	682
Contributions by scheme participants	176	178
Contributions by the employer	565	542
Actuarial gains	381	1,858
Benefits paid	(355)	(403)
Closing fair value of scheme assets	19,946	18,578

**Actual return on scheme assets**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Cheshire Pension Fund	5.2%	16.0%
	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Fair value of scheme assets	19,946	18,578
Present value of defined benefit obligations	(21,477)	(22,769)
Deficit in the schemes	(1,531)	(4,191)
Net liability in the balance sheet	(1,531)	(4,191)

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows:

	<b>Expected return</b>		<b>Fair value of assets</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>	<b>£'000s</b>	<b>£'000s</b>
Equities	6.6	6.6	10,771	9,289
Bonds	3.5	3.5	7,181	7,431
Property	4.8	4.8	1,596	1,486
Cash	3.7	3.7	398	372
			19,946	18,578

The estimated amount of contributions expected to be paid to the scheme during the financial year ending 31 March 2017 is £576,000.

**Sensitivity Analysis**

	<b>Approx % Increase to Employer Liability</b>	<b>Approx monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	12%	2,676
1 year increase in member life expectancy	3%	644
0.5% increase in the Salary Increase rate	5%	978
0.5% increase in the Pension Increase rate	8%	1,651



**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**23. Pension schemes (continued)**

**The Social Housing Pension Scheme**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

**Deficit contributions**

**Tier 1**

From 1 April 2016 to 30 September 2020: £40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

**Tier 2**

From 1 April 2016 to 30 September 2023: £28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

**Tier 3**

From 1 April 2016 to 30 September 2026: £32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

**Tier 4**

From 1 April 2016 to 30 September 2026: £31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**23. Pension schemes (continued)**

	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>(£000s)</b>	<b>(£000s)</b>	<b>(£000s)</b>
Present value of provision	115	5	34

**Reconciliation of Opening and Closing provisions**

	<b>Period Ending 31 March 2016 (£000s)</b>	<b>Period Ending 31 March 2015 (£000s)</b>
Provision at start of period	36	36
Unwinding of the discount factor (interest expense)	1	1
Deficit contribution paid	(3)	(3)
Remeasurements - impact of any change in assumptions	(1)	2
Remeasurements - amendments to the contribution schedule	83	
Provision at end of period	<u>116</u>	<u>36</u>

**Income and Expenditure Impact**

	<b>Period Ending 31 March 2015 (£000s)</b>	<b>Period Ending 31 March 2016 (£000s)</b>
Interest expense	1	1
Remeasurements – impact of any change in assumptions	(1)	2
Remeasurements – amendments to the contribution schedule	84	
Contributions paid in respect of future service*	414	408
Costs recognised in income and expenditure account	417	411

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

**Assumptions**

	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**23. Pension schemes (continued)**  
**Deficit Contributions Schedule**

	Year ending 31 March 2016 (£000s)	Year ending 31 March 2015 (£000s)	Year ending 31 March 2014 (£000s)
Year 1	11	3	3
Year 2	11	3	3
Year 3	11	3	3
Year 4	12	3	3
Year 5	12	3	3
Year 6	12	3	3
Year 7	13	3	3
Year 8	13	4	3
Year 9	13	4	4
Year 10	14	4	4
Year 11	7	4	4
Year 12	-	2	4
Year 13	-	-	2

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

**24. Provision for liabilities – other provisions**

	SHPS Obligation £'000	Leave Pay £'000	Total £'000
At 1 April 2015	36	77	113
Additions	83	56	139
Utilised	(3)	-	(3)
Reversals	-	(77)	(77)
<b>At 31 March 2016</b>	<b>116</b>	<b>56</b>	<b>172</b>

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The SHPS obligation is referred to in Note 23. The provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**25. Cash flow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Surplus for the year	5,471	3,902
Adjustments for non-cash items:		
Depreciation and impairment of tangible fixed assets	5,134	5,042
Amortisation of intangible assets	95	95
Decrease/(increase) in trade and other debtors	(38)	489
Increase/(decrease) in trade and other creditors	(23)	224
Increase/(decrease) in provisions	59	11
Pension costs less contributions payable	261	68
Carrying amount of tangible fixed asset disposals	514	496
Adjustments for investing or financing activities:		
Proceeds from sale of tangible fixed assets	(1,656)	(1,173)
Government grants utilised in the year	(88)	(100)
Interest payable	4,389	3,916
Interest receivable	(63)	(4)
<b>Net cash generated from operating activities</b>	<b>14,055</b>	<b>12,966</b>

**26. Capital commitments**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Expenditure contracted for but not provided for in the accounts	10,791	18,640
Expenditure authorised by the Board, but not contracted	13,010	9,985
	<b>23,801</b>	<b>28,625</b>

The above commitments will be financed primarily through existing cash surpluses and from existing loans already drawn down (£12m). A new loan arrangement is in place in line with our long term business plan. The balance will be funded through social housing grant (£2.8m) and future cash surpluses (£9m).

**27. Contingent Assets / Liabilities**

The Trust had no contingent assets at 31 March 2016 (2015: nil).

The Trust receives capital grant from the Homes and Communities Agency, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Trust is required to recycle this grant by crediting the Recycled Capital Grant Fund.

At 31 March 2016, the Trust had not disposed of any components that had received grant funding. As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

The Trust had no other contingent liabilities at 31 March 2016 (2015 £nil).

**28. Leasing commitments**

The future minimum lease payments of leases are as set out below. Leases relate to vehicle fleet and office equipment. Prior year includes the lease for the Trust's office space.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**Future minimum operating lease payments**

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Within one year	9	3
Between one and five years	930	1,331
After 5 years		3,431
	<u>939</u>	<u>4,765</u>

**29. Related parties**

The Trust had three tenant Board members during the year. The tenancies are on normal commercial terms and the members cannot use their position on the Board to their personal advantage. No tenancy accounts were in arrears at 31 March 2016 or 31 March 2015.

One member of the Board, Paul Findlow, is a councillor with Cheshire East Council. Disclosures in relation to key management personnel are included in note 10.

**30. Financial Assets and Liabilities**

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

**Categories of financial assets and liabilities**

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Financial assets measured at amortised cost		
Cash	12,179	13,223
Debtors	2,408	2,155
	<u>14,587</u>	<u>15,378</u>
Financial liabilities measured at amortised cost		
Loans	73,953	71,847
Creditors	1,991	1,472
Accruals	2,220	2,343
	<u>78,164</u>	<u>75,662</u>

The amortised cost of the financial liability is net of the amount at which the liability is measured at initial recognition plus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount.

**Financial assets**

Other than short-term debtors, financial assets held are cash deposits placed in 95 day notice business accounts and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Financial assets held in 95 day notice accounts	6,046	0
Financial assets held in bank account	6,133	13,223
	<u>12,179</u>	<u>13,223</u>

The financial assets held in 95 day notice accounts have no fixed maturity and attract interest at 0.95%. The remaining financial assets are floating rate, attracting interest at rates that vary with bank rates.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**30. Financial Assets and Liabilities (continued)**

**Financial liabilities excluding trade creditors – interest rate risk profile**

The Trust's financial liabilities are sterling denominated. The interest rate profile of the Trust's financial liabilities at 31 March was:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Fixed rate	61,933	59,040
Variable rate	10,000	0
	<u>71,933</u>	<u>59,040</u>

The fixed rate financial liabilities have a weighted average interest rate of 6.02% (2015: 5.64%) and the weighted average period for which it is fixed is 17.1 years (2015: 18.1 years).

The debt maturity profile is shown in note 20.

**Borrowing facilities**

The Trust has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000s</b>	<b>£'000s</b>
Expiring in one year or less		
Expiring in more than one year but not more than two years		
Expiring in more than two years	5,390	-
	<u>5,390</u>	<u>-</u>

**31. Transition to FRS 102**

The Trust has adopted FRS102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

**Changes for FRS102 adoption**

**1. SHPS Pension**

Under section 28 the Trust is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. Using a discount rate of 1.92%. This has resulted in a liability of £34,317 being recognised in the opening reserves as at 1 April 2014.

**2. Holiday Pay Provision**

A provision is now made for entitlement to holiday at the year end which has not been taken by employees. This has been calculated based on payroll records and totalled £68,033 as a liability in opening reserves as at 1 April 2014.

**3. Grant Accounting**

Grants were previously netted off the cost of the related asset. Under FRS 102, government grants must be accounted for using the accruals model or the performance model. As the Trust accounts for its properties at cost, it has adopted the accruals model for government grants, as required by SORP 2014. Non-government grants are accounted for under the performance model.

Under the accruals method, the government grants have been allocated to the related assets and amortised over the useful economic life of those assets. The unamortised amount is held within deferred income, split between <1 year and > 1 year. The amount of amortised grant that has been recognised in opening reserves as at 1 April 2014 is £6,978.

Under the performance model, grants have been recognised when the Trust has entitlement or when performance conditions have been met. £Nil of income has been recognised in the opening reserves as at 1 April 2014 for the excess of grant amortisation over additional depreciation charge.

**CHESHIRE PEAKS & PLAINS HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 March 2016**

**31. Transition to FRS 102 (continued)**

**4. Defined benefit pension scheme**

The net pension finance cost recognised in the Income and expenditure account for the year ended 31<sup>st</sup> March 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

**5. Financial Instruments**

The Trust has undertaken a review of its' basic financial instruments. All financial instruments are deemed to meet the definition of basic under Section 11 of FRS 102. As part of the review a calculation of the amortised cost using the effective interest method has been undertaken.

**Restated statement of financial position**

	<b>31 March 2015</b>	<b>1 April 2014</b>
	<b>£'000</b>	<b>£'000</b>
Original Reserves	29,073	26,424
Excess of amortisation of government grants over depreciation	6	-
Holiday Pay Accrual	(77)	(68)
SHPS Pension	(36)	(34)
Adjustment to reflect loan at amortised cost	(1,556)	(1,255)
<b>Restated reserves</b>	<b>27,410</b>	<b>25,067</b>

**Restated Surplus for the year ended 31 March 2015**

	<b>£'000</b>
Original surplus on ordinary activities before tax	4,426
Finance cost on defined benefit pension scheme	(208)
Excess of amortisation of government grants over depreciation	6
Holiday pay accruals	(9)
SHPS Pension movement	(2)
Interest payable adjustment to reflect loan at amortised cost	(301)
<b>Restated surplus before tax for the financial year</b>	<b>3,912</b>